

Message Text

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CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

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DRAFTED BY AF/W:JKBISHOP:RCB

APPROVED BY AF:RSSMITH

AF/W:RKSHERWOOD

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FM SECSTATE WASHDC

TO AMEMBASSY ACCRA

C O N F I D E N T I A L STATE 234988

E.O. 11652: GDS

TAGS: EFIN, PFOR, GH

SUBJECT: GHANA DEBT: DREVICI CLAIMS: UNITED CALIFORNIA
BANK

REF: ACCRA 5655

1. UNITED CALIFORNIA BANK REPRESENTATIVE KAUFMANN, ACCOMPANIED BY WASHINGTON ATTORNEY WEISS, CALLED ON ROBERT S. SMITH AND DESKOFF NOVEMBER 28 TO DISCUSS GOG PROMISSORY NOTES HELD BY UCB.
 2. WEISS EXPLAINED UCB CAME INTO POSSESSION GOG PROMISSORY NOTES THROUGH LIQUIDATION A GENEVA BRANCH, WHICH WAS CLOSED AMID CHARGES IRREGULAR BEHAVIOR ON PART BRANCH'S STAFF. NOTES WERE PAYMENT FOR DREVICI PROJECTS, BUT UCB UNAWARE ANY PROBLEM REGARDING VALIDITY OF NOTES AT TIME THEIR ACQUISITION. NOTES DENOMINATED IN DEUTCHMARK HAVE PRESENT DOLLAR VALUE OF 4.5 MILLION. UCB NOT AWARE IF CONTRACTED GOODS EVER SUPPLIED.
 3. UCB HAS SOUGHT UNSUCCESSFULLY THROUGH GHANAIAAN ATTORNEY
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DEI-ANANG TO OBTAIN PAYMENT FROM GOG. A STATUTE OF LIM-

TATIONS WAS TO EXPIRE IN MID-NOVEMBER, AND DEI-ANANG WAS INSTRUCTED TAKE WHATEVER LEGAL ACTION NECESSARY PREVENT STATUTE PRECLUDING POSSIBILITY UCB EVENTUALLY MIGHT RECEIVE PAYMENT. KAUFMANN UNAWARE EXACTLY WHAT STEPS DEI-ANANG HAS TAKEN.

4. ALTHOUGH NOT STATED PRECISELY, WEISS AND KAUFMANN WERE REQUESTING ADVICE ON POSSIBILITY UCB MIGHT RECEIVE PAYMENT. SMITH ADVISED THAT OUTLOOK WOULD BE MORE CLEAR AFTER DEBT RESCHEDULING AGREEMENT CONCLUDED AND OFFERED CONTACT WEISS ON RETURN FROM ACCRA. IT WAS POINTED OUT THAT, WITH FEW EXCEPTIONS, GOG HAS REFUSED HONOR PROMISSORY NOTES RELATED DREVICI PROJECTS. UNLESS REPAYMENT WERE PART OF SOME PACKAGE WITH ELEMENTS HIGHLY DESIRED BY GOG, E.G. FINANCING OF AIRCRAFT PURCHASES, GOG UNLIKELY BE INTERESTED IN REPAYING NOTES HELD BY UCB AND CERTAINLY BE UNLIKELY PAY ON TERMS MORE DEMANDING THAN THOSE NEGOTIATED WITH CREDITORS FOR INSURED PORTION NKRUMAH MEDIUM TERM DEBT. SMITH ADVISED THAT AFTER DEBT RESCHEDULING AGREEMENT CONCLUDED UCB MIGHT WISH SEND SOMEONE TO ACCRA TO DISCUSS SITUATION WITH CENTRAL BANK AND MINISTRY FINANCE OFFICIALS.

5. WHEN QUESTION OF COMMUNICATIONS AROSE, SMITH SAID DEI-ANANG'S CONCERNS ABOUT SECURITY VALID BUT EMBASSY RELUCTANT BECOME ASSOCIATED WITH NEGOTIATIONS ON DREVICI CLAIMS, DUE HISTORY GHANAIAAN SUSPICION EVERYTHING RELATED THESE CLAIMS. HE UNDERTOOK DISCUSS WITH AMBASSADOR DURING FORTHCOMING VISIT ACCRA WHAT AID EMBASSY MIGHT FEEL IT COULD PROVIDE IN FACILITATING COMMUNICATIONS BETWEEN DEI-ANANG AND UCB.

6. SMITH DID NOT MENTION ACTIVITIES KUHN-LOEB RELATED DREVICI CLAIMS OTHER THAN TO SAY WE UNDERSTAND GOG AND DREVICI FAMILY ARE REPORTEDLY NEGOTIATING NEW ARRANGEMENT FOR DREVICI TO DO FURTHER WORK IN GHANA. KISSINGER

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